

# HOUSE . . . . . No. 4589

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## The Commonwealth of Massachusetts

PRESENTED BY:

**Linda Dorcena Forry**

*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act Relative to Creating Low Profit Limited Liability Companies.

PETITION OF:

NAME:

Linda Dorcena Forry

DISTRICT/ADDRESS:

12th Suffolk

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## An Act Relative to Creating Low Profit Limited Liability Companies.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Section 2 of chapter 156C of the General Laws, as appearing in the 2006 Official  
2   Edition is hereby amended by inserting, after paragraph 6, the following paragraph: (6a) “Low-profit  
3   limited liability company” or “L3C”, a limited liability company, other than a foreign limited liability  
4   company, organized under or governed by this chapter, which has set forth in its articles of organization a  
5   business purpose that satisfies, and at all times complies with, each of the following requirements: (i) The  
6   limited liability company (a) significantly furthers the accomplishment of one or more charitable or  
7   educational purposes within the meaning of section 170(c)(2)(B) of the Internal Revenue Code of 1986,  
8   as amended, and (b) would not have been formed but for the entity’s relationship to the accomplishment  
9   of charitable or educational purposes; (ii) No significant purpose of the limited liability company is the  
10   production of income or the appreciation of property; provided, however, that the fact that the entity  
11   produces significant income or capital appreciation shall not, in the absence of other factors, be  
12   conclusive evidence of a significant purpose involving the production of income or the appreciation of  
13   property; and (iii) No purpose of the limited liability company is to accomplish one or more political or  
14   legislative purposes within the meaning of section 170(c)(2)(D) of the Internal Revenue Code of 1986, as  
15   amended.

17 SECTION 2. The first paragraph of section 3 of said chapter 156C, as so appearing, is further amended  
18 by inserting in line 4, after the abbreviation “LC”, the following:- “, provided, however, that if the limited  
19 liability company is a low-profit limited liability company, as defined in section 2, its name shall contain  
20 the words “Low-profit Limited Liability Company,” or the abbreviation ‘L3C’ or ‘l3c’”.

21  
22 SECTION 3. Subsection (a) of section 12 of said chapter 156C, as so appearing, is hereby amended by  
23 inserting, after paragraph (7) the following paragraph:- (7)(a) if the limited liability company is a low-  
24 profit limited liability company ;

25  
26 SECTION 4. Section 13 of chapter 156C , as so appearing, is further amended by inserting , after  
27 paragraph (d) the following paragraph:- (d)(1) If a low-profit limited liability company has ceased to meet  
28 any of the requirements in paragraph (6)(a) of section 2 of this chapter, it shall file a certificate of  
29 amendment with the state secretary within thirty (30) days after ceasing to meet those requirements, to  
30 amend its name to conform with the requirements in paragraph (1) of section (3) of this chapter  
31 governing limited liability company names.

32  
33 SECTION 5. Paragraph (5) of section 45 of said chapter 156C, as so appearing, is hereby amended by  
34 striking out, in line 15, the words “forty-four.” And inserting in their place the words “forty-four; or”

35  
36 SECTION 6. Said section 45 of said chapter 156C, as so appearing, is further amended by adding the  
37 following paragraph:- (6) with respect to a low-profit limited liability company that has ceased to meet  
38 any of the requirements in paragraph (6)(1) of section 2, the failure for sixty (60) days after ceasing to

39 meet those requirements to file articles of amendment with the state secretary, amending its name to  
40 conform with the requirements of paragraph(1) of section 3.

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